

Trade Log | Exchange Traded Products

LPL Financial Research

As of August 25, 2021

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Overview

LPL Research has placed trades in the Tactical Exchange-Traded Product (ETP) portfolios on the Model Wealth Portfolios (MWP) platform. The trades are intended to shift equity exposures specifically toward domestic sectors we believe have attractive potential to deliver outperformance. In addition, they target a reduction in emerging markets (EM) equity exposure, while also broadening exposures in EM and developed international equities through implementation adjustments.

We eliminated exposure to a strategy that targeted broad U.S. equities, in favor of emphasizing domestic cyclical sectors we believe have better upside potential through year end. We expect gross domestic product (GDP) growth to improve in the fourth quarter relative to the third quarter, which we anticipate will push long-term interest rates higher and potentially provide a favorable environment for cyclical sectors to outperform.

We also reduced exposure to EM equity based on concerns that heightened regulatory scrutiny of Chinese firms could constrain long-term earnings growth potential for Chinese companies, which make up a significant portion of the EM equity market. We also adjusted our EM equity implementation, removing a strategy that excluded state-owned enterprises to add a strategy with broader exposures in EM. Similarly, we adjusted the implementation in developed international, removing a strategy that emphasized natural resources to focus on exposure to a developed international equity strategy with better diversification across international sectors.

We expect risk levels to remain relatively consistent across IOs following these changes.

Summary Of Changes

Exchange-Traded Products	Ticker Symbol	Trade Decision	Impacted Portfolios	Impacted Investment Objective(s)
Goldman Sachs ActiveBeta US Large Cap Equity ETF	GSLC	Eliminate	Tactical ETP	All IOs
WisdomTree Emerging Markets ex-State Owned Enterprises	XSOE	Eliminate	Tactical ETP	All IOs
FlexShares Morningstar® Global Upstream Natural Resources Index Fund	GUNR	Eliminate	Tactical ETP	AG, G, GWI, IMG
Cash	N/A	Reduce	Tactical ETP	GWI, IMG
Industrial Select Sector SPDR® Fund	XLI	Increase	Tactical ETP	AG, G, GWI
Communication Services Select Sector SPDR® Fund	XLC	Increase/initiate	Tactical ETP	All IOs
Vanguard Information Technology ETF	VGT	Increase	Tactical ETP	AG, G, GWI, IMG
Financial Select Sector SPDR® Fund	XLF	Increase	Tactical ETP	AG, G, GWI, IMG
iShares Core MSCI EAFE ETF	IEFA	Increase	Tactical ETP	All IOs
Consumer Discretionary Select Sector SPDR® Fund	XLY	Initiate	Tactical ETP	AG, G, GWI, IMG
iShares Core MSCI Emerging Markets ETF	IEMG	Initiate	Tactical ETP	AG, G, GWI

Tactical ETP Portfolios %

Security Name	Ticker	Aggressive Growth		Growth		Growth with Income		Income with Moderate Growth		Income with Capital Preservation	
		Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current
Communication Services Sel Sect SPDR	XLC	5.00	7.00	3.50	5.00	2.00	3.50	0.00	2.00	0.00	2.00
Consumer Discret Select Sector SPDR	XLY	0.00	6.00	0.00	4.00	0.00	3.00	0.00	2.00	0.00	0.00
Financial Select Sector SPDR	XLF	5.00	8.00	4.00	6.00	3.00	5.00	2.50	4.00	2.00	2.00
Goldman Sachs ActiveBeta® US LgCp Eq ETF	GSLC	12.00	0.00	9.00	0.00	6.00	0.00	5.00	0.00	2.00	0.00
Industrial Select Sector SPDR	XLI	6.00	8.00	4.00	6.00	3.50	5.00	3.00	3.00	0.00	0.00
Real Estate Select Sector SPDR®	XLRE	3.00	3.00	2.50	2.50	2.00	2.00	0.00	0.00	0.00	0.00
Vanguard Information Technology ETF	VGIT	9.00	13.00	7.50	10.00	6.00	8.00	3.00	5.50	2.00	2.00
Vanguard Small Cap ETF	VB	10.00	10.00	9.00	9.00	7.50	7.50	4.00	4.00	2.50	2.50
Vanguard Total Stock Market ETF	VTI	20.50	20.50	20.00	20.00	15.50	15.50	14.50	14.50	7.50	7.50
WisdomTree EM ex-State-Owned Enterprises	XSOE	8.00	0.00	7.00	0.00	5.00	0.00	2.00	0.00	2.00	0.00
iShares Core MSCI EAFE	IEFA	6.50	10.50	5.50	10.00	4.00	7.00	3.00	5.00	2.00	4.00
iShares Core MSCI Emerging Markets	IEMG	0.00	5.00	0.00	4.00	0.00	2.00	0.00	0.00	0.00	0.00
iShares Russell 2000 Index Fund	IWM	7.00	7.00	6.00	6.00	5.00	5.00	3.50	3.50	2.50	2.50
SPDR Blackstone/GSO Senior Loan ETF	SRLN	0.00	0.00	0.00	0.00	2.00	2.00	2.50	2.50	3.00	3.00
SPDR DoubleLine Total Return Tactical ETF	TOTL	0.00	0.00	4.00	4.00	5.50	5.50	11.50	11.50	13.00	13.00
SPDR® Portfolio Interm Term Corp Bd ETF	SPIB	0.00	0.00	2.50	2.50	5.00	5.00	7.00	7.00	8.50	8.50
Vanguard Total Bond Market ETF	BND	0.00	0.00	2.50	2.50	6.50	6.50	13.00	13.00	24.00	24.00
iShares 3-7 Year Treasury Bond ETF	IEI	0.00	0.00	6.50	6.50	6.50	6.50	8.50	8.50	10.50	10.50
iShares Barclays MBS Bond Fund	MBB	0.00	0.00	0.00	0.00	9.00	9.00	12.00	12.00	13.50	13.50

Changes indicated in bold.

Tactical ETP Portfolios %

Security Name	Ticker	Aggressive Growth		Growth		Growth with Income		Income with Moderate Growth		Income with Capital Preservation		
		Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	
Cash/Nontraditional	FlexShares Morningstar Global Upstream Natural Resources Index Fund	GUNR	6.00	0.00	4.50	0.00	3.00	0.00	2.00	0.00	0.00	0.00
	CASH	CASH	2.00	2.00	2.00	2.00	3.00	2.00	3.00	2.00	5.00	5.00
Total			100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Changes indicated in bold.

The cash portion of this portfolio is represented by money market instruments.